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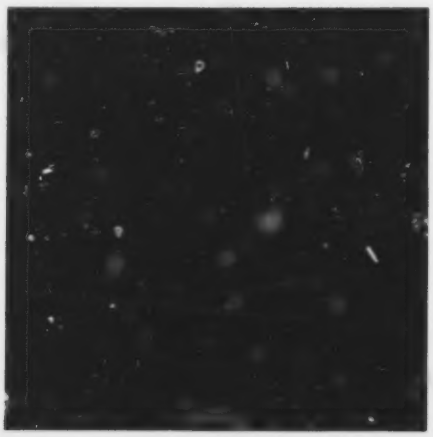

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Chairman: Mr. Bernardini ..... (Italy)

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04-58795 (E)

The meeting was called to order at 2.45 p.m.

Agenda item 83: Macroeconomic policy questions (A/59/80-E/2004/61 and Corr.1, A/59/115 and A/59/155-E/2004/96)

(a) International trade and development (A/59/15 (Parts I to IV), A/59/305 and A/59/369)

(d) Commodities (A/59/304)

General debate (*continued*)

1. **Ms. Laohaphan** (Thailand) said that her delegation associated itself with the statements made by the representative of Qatar on behalf of the Group of 77 and China, by the representative of Australia on behalf of the Cairns Group, and by the representative of Indonesia on behalf of the Association of South-East Asian Nations (ASEAN).

2. Thailand recognized the importance of international trade as an engine for sustained economic growth and development. The establishment of a universal, open and rules-based multilateral trading system was an essential instrument for promoting economic development, facilitating the integration of the developing countries in the global economy, and eradicating poverty throughout the world. It therefore welcomed the July package agreed by the WTO General Council in Geneva on 1 August 2004 and it appreciated the flexibility shown by many developed countries, which was making a great contribution to a more constructive working environment. In that context it urged both the developed and the developing countries to reaffirm and carry through their commitments as embodied in the package, which provided a framework for future negotiations. Much flexibility, good faith and compromise were still needed in order to bring the Doha Round to a successful and timely conclusion, and fundamental reform of the agenda and the negotiation process would be required.

3. It was necessary to establish modalities for agriculture negotiations designed to achieve greater access to markets, phase out domestic subsidies, and reduce all trade-distorting practices. Thailand hoped to see the creation of a legal framework which provided for measures to combat dumping and other allegedly unfair trade practices, to eliminate the double standard for domestic and foreign companies, and to revise intellectual property rules in order to close the knowledge gap between developed and developing countries. The developing countries should not be forced to accept obligations which overly restricted their ability to pursue active development policies.

4. The outcome of the eleventh session of the United Nations Conference on Trade and Development (UNCTAD XI) was welcome, in particular the consensus reached on such agenda items as policy space, information and communications technology for development, and the implementation of the Doha Development Agenda. That consensus reconfirmed the important role which UNCTAD played in the United Nations system by coordinating the integrated treatment of trade and development. In particular, Thailand fully supported the role of UNCTAD as a forum in which countries could enhance policy convergence on important global issues. It was important to encourage the interaction between UNCTAD and WTO on matters related to the development needs of the developing countries, in the hope that such interaction would lead to the establishment of an institutional relationship between the two bodies.

5. Trade-liberalization measures at the bilateral, regional and multilateral levels complemented and reinforced each other. If correctly designed and implemented, bilateral, regional and subregional trade agreements could help to strengthen the multilateral trading system and ensure that it benefited everyone.

6. **Ms. Mtshali** (South Africa) said that her delegation endorsed the statement made by the representative of Qatar on behalf of the Group of 77 and China. The July package constituted a framework for the elaboration of more detailed negotiating modalities for agriculture, access to non-agricultural markets, services and the facilitation of trade and development.

7. The current economic recovery, driven largely by demand in the United States and southern and eastern Asia, was uneven, benefiting only oil and industrial raw materials without stimulating to any significant extent exports of commodities from Africa. There was a persisting dependence on United States trade and budget deficits to stimulate the global economy, a situation which raised concerns about the uneven distribution of demand among the industrialized

nations and the possibility of new pressures on the dollar which might lead to greater exchange-rate and financial instability. Although South-South trade was increasing, it was limited in nature, impact and scope to a few regions; Africa in particular remained on the periphery of the phenomenon as a result largely of the serious structural weakness of African economies and their dependence on commodities. Furthermore, the higher oil prices were affecting the productivity and competitiveness of many oil-importing countries and lowering the GDP of the highly indebted poor countries, especially in sub-Saharan Africa.

8. Africa was working with determination to expand its agriculture, as it had demonstrated by adopting the Comprehensive Africa Agriculture Development Programme and its commitment to allocate 10 per cent of national budgets to agricultural development. The WTO negotiations on agriculture should lead to the early elimination of export subsidies and the reduction of trade-distorting domestic support measures in order to deliver a development box which accommodated the developing countries' sensitive products, provided special safeguards for them, and gave them the flexibility to address issues of rural development and food security.

9. The negotiations must therefore boost the initiatives to add value to and diversify the exports of the developing countries and produce a plan to eliminate their dependence on commodities. Care must be taken to ensure that developed countries did not use for protectionist purposes the legitimate concerns of the developing countries regarding preference erosion and the ending of textile quotas; they should instead help the developing countries to adjust to the new competitive environment.

10. Additional efforts were urgently required to address issues lying outside the WTO mandate. There must be coherence between national development strategies and global economic processes, and the developing countries must have the policy space which they needed if they were to pursue development policies in an increasingly globalized and interdependent world economy. UNCTAD remained a key partner for the developing countries, and its resources must be increased to enable it to continue making its contribution in forums dealing with matters of economic development.

11. **Mr. Dembélé** (Mali) said that his delegation associated itself with the statement made by the representative of Qatar on behalf of the Group of 77 and China. The globalization of the world economy and the liberalization of world trade were accentuating the social and economic disparities between nations more than ever before. The developing countries, especially the least developed ones, remained marginalized from world trade and were more exposed to the impact of external disturbances. For example Mali, the principal cotton producer in Africa, had an indisputable comparative advantage but could not avail itself of all the opportunities because of the farm subsidies which the developed countries accorded to their own producers.

12. Subsidy policies violated the rules of international law, as WTO had acknowledged, and Mali was working in conjunction with Benin, Burkina Faso and Chad under the sectoral initiative on cotton to promote the establishment of an open, equitable, predictable, rules-based and non-discriminatory multilateral system. It welcomed the plan of action for African cotton producers proposed by President Chirac and also believed that the framework agreement on agricultural products reached at the WTO General Council was a good starting point for the renewal of the negotiations in the framework of the Doha process, with a view to securing a more open and balanced world market for the benefit of rich and poor alike.

13. **Mr. Rangel** (Bolivarian Republic of Venezuela) said that his delegation endorsed the statement made by the representative of Qatar on behalf of the Group of 77 and China. The spaces and advantages necessary to the solution of the development problems of the developing countries were tending to contract, for those countries were being increasingly required to open their markets while the developed countries continued to apply protectionist measures which obstructed the market access of the developing countries' exports. At the same time the conditions imposed by foreign investors ruled out any independent development on the part of the countries receiving the investments. It was therefore essential for the commitments entered into at Doha and Monterrey to lead to a world trading system which did not place the poor countries in a subordinate position or impede their economic self-determination and which barred from financial policies all exclusions and conditions which obstructed or restricted development. Transparent management of the international financial, monetary and trading systems was essential to the

eradication of poverty and the creation of fresh prospects for the developing countries.

14. Venezuela's international policy was based on a new concept of economic, financial and trade diplomacy and the introduction of regional bloc policies which defended sovereignty against hegemonistic aspirations. It was also working to make the international system more democratic and establish a new world economic order founded on participatory democracy, equality, cooperation, justice, non-intervention, solidarity, endogenous development and shared responsibility which made people the focus of its attention and offered them decent living conditions. At home Venezuela was taking steps to achieve the comprehensive development of its people as the cornerstone of the nation's economic advancement; it proposed to that end to establish social democracy more securely in education, health, housing and culture as part of a clear poverty-eradication strategy.

15. A favourable international environment was essential to the attainment of sustainable human development. The industrialized countries had a fundamental responsibility to pursue financial and macroeconomic policies which would deliver growth for all. In view of the importance of its role in preparing the developing countries to participate effectively in the multilateral negotiations, UNCTAD must be furnished with the necessary human and financial resources to play that role.

16. **Mr. Jenie** (Indonesia), speaking on behalf of the countries members of ASEAN and referring to the report of the Secretary-General on international trade and development (A/59/305), stressed the importance of improving the coherence between development strategies and global processes and between the policies relating to the international trading system and the international monetary and financial system, which had a significant impact on the development prospects of the developing countries. In order to attain the objective of an open, equitable, rules-based, predictable and non-discriminatory multilateral trading system it was essential that a positive spirit of cooperation and political resolve should prevail in the negotiation process; for that purpose all States must strive to create a setting conducive to a healthier and equitable global trading system which would provide a stimulus for the developing countries, especially the least developed ones. ASEAN therefore called for improved market access for the exports of the developing countries and elimination of trade-distorting subsidies and barriers to trade in agricultural products, and for attention to be given to the urgent need to provide the developing countries with special and differential treatment.

17. ASEAN welcomed the adoption by UNCTAD XI of the Spirit of São Paolo and the São Paolo Consensus, which had helped to renew the focus on the development dimensions of the international trading system and had reaffirmed that trade was not an end in itself but a means to growth and development. It was also to be hoped that concrete, detailed and specific modalities would be negotiated on the basis of the frameworks agreed by the WTO General Council at its meeting in Geneva on 1 August 2004, followed by the emergence of a development-oriented multilateral trading system.

18. The competitiveness of the countries members of ASEAN depended on their effective integration in the globalized economy through, inter alia, regional integration arrangements which emphasized the spirit of a fair and inclusive globalization process and took into account the need to promote regional development strategies adapted to the different stages of development of the member countries. The ASEAN Economic Community was one such economic integration arrangement and, together with the ASEAN Free Trade Area, one of the three pillars of the future ASEAN Community, planned for 2020. The region's growth indicators were positive: the increase in direct foreign investment in 2003 had placed ASEAN among the regions of highest growth in that respect, and the increase was expected to be even bigger in 2004. In their endeavour to attain the Millennium Development Goals and fulfil their other international commitments the ASEAN countries believed that the international economic and trading system and their own efforts to open the region up to trade and investment should be complementary and mutually reinforcing processes.

19. **Mr. Kittikhoun** (Lao People's Democratic Republic), speaking on behalf of the Group of Landlocked Developing Countries, endorsed the statement made by the representative of Qatar on behalf of the Group of 77 and China. Despite the recovery in international trade, with an estimated growth rate of seven per cent in 2004, there were serious discrepancies in trade performance between countries. The landlocked developing countries in particular remained increasingly marginalized from

international trade by the high transit-transport costs due to their lack of land access to the sea, their remoteness from world markets, and cumbersome border-crossing procedures. Even an insignificant increase in transport costs had an adverse impact on their economies and could easily wipe out the razor-thin profit margins of their exports, for they typically had a narrow economic base and poor export performance, being heavily dependent on a few agricultural and mineral commodities with very limited or non-existent exports of manufactured goods. It was important for the international community to take action to improve their access to trade financing, protect them against the adverse effects of trade liberalization and commodity price volatility, and reduce their transport costs.

20. The landlocked developing countries, many of which were exporters of textiles and clothing, shared the profound concern of other poor countries about the abolition in 2005 of the system of national quotas for textile imports by the industrialized countries, for it would affect millions of people and worsen the situation of countries whose competitive edge was already being eroded by the very high cost of transport over long distances, additional border crossings, and poor transit-transport systems. They therefore called on the donor countries to take steps to offset the negative effects which would result from the elimination of the quotas in January 2005 and welcomed the initial steps which were being considered by the European Union in that respect.

21. The July framework adopted by the WTO General Council on 1 August 2004 was a welcome development, for it had helped to put the Doha Round back on track and had significantly enhanced the prospects for the success of the trade negotiations. With regard to market access for agricultural and non-agricultural products, the negotiations should give particular attention to products of special interest to the landlocked developing countries and to the need stated in the São Paolo Consensus to expedite the Doha work programme for small economies.

22. Action must be taken to enable the landlocked developing countries which were not members of WTO to join as soon as possible. That would require the assistance of the international community, which should take into account the level of development of each country and the specific problems and needs resulting from its geographical disadvantages. It was crucial to create an efficient trade-facilitation system for the landlocked developing countries, whose overseas trade was dependent on the transit-transport policies and trade-facilitation arrangements of their neighbours, and to make it possible for them to participate actively in the relevant WTO negotiations. That would require the international organizations, in particular WTO, the World Bank, UNCTAD, the World Customs Organization and the regional commissions to extend coordinated technical assistance to all the landlocked developing countries.

23. In the Millennium Declaration the Heads of State and Government had committed themselves to an open, equitable, rules-based, predictable and non-discriminatory multilateral trading and financial system. Attainment of that objective was the only way to make the trading and financial system work for poverty reduction and development; as pointed out in the UNCTAD *Trade and Development Report 2004*, that would require greater policy coherence between the trading and monetary systems in order to foster interactions conducive to development. The progress achieved towards the attainment of the Millennium Development Goals was to be reviewed in 2005; as that review approached, the international community should exert greater efforts to fulfil its commitment to make trade serve as an engine of growth and development. The landlocked developing countries were grateful for the assistance furnished by UNCTAD for capacity-building with a view to the full implementation of the Almaty Programme of Action, which also requested WTO to recognize their special problems and needs.

24. **Ms. Hull** (United States of America) said that the present moment offered a strategic economic opportunity to build on the current economic expansion and ensure that an even greater proportion of mankind enjoyed a better life by taking advantage of the growth and securing a global reduction of trade barriers. Trade liberalization was essential to increased global prosperity and had proved itself to be one of the most effective ways of improving living standards for all.

25. It was not possible to liberalize trade without multilateral trade negotiations, a point re-affirmed in July 2004 when the UNCTAD General Conference in Geneva had committed itself to achieving ambitious results in the Doha Round negotiations, particularly in regard to agriculture. The framework agreed in July envisioned the complete elimination of subsidies for

agricultural exports, new discipline for export credits, a global commitment to harmonize trade-distorting farm subsidies, and improved market access for all products. In the case of manufactured products, which accounted for nearly 60 per cent of world trade, it had been agreed to improve market access, reduce tariffs by means of a formula to cut higher tariffs first, and to revert to the question of non-tariff barriers. In the case of services, it had been agreed to intensify negotiations for opening up services markets, which currently accounted for over half of most economies — to the point where services were now on par with agriculture and manufacturing as a core area of market access. After the disappointments in Cancún it was essential to make a commitment to the success of the Doha Round.

26. WTO was the proper venue for negotiations on trade. Other efforts to recast the Doha Development Agenda or prejudge the results of the Doha Round did not help the process but rather obstructed it. It was therefore important to continue and make a success of the current multilateral trade negotiations, which could deliver extraordinary benefits for the world.

27. **Mr. Fortin** (United Nations Conference on Trade and Development) said that he echoed the feelings of those delegations which believed that UNCTAD made a contribution to the shaping and development of the international trading system, that there were no conflicts or problems in its relationship with WTO, and that all parties were working for the same goals within their own mandates in a specific but complementary way. The question of accession to membership of WTO was one of the areas in which the work of UNCTAD was indispensable, for although WTO and its Secretariat could help countries with the legal formalities of accession they could not help them to deal with the trade negotiations leading to accession. UNCTAD was the only institution which could do that work and thereby help to make WTO a universal body. That was well understood by the countries which were financing such work (in particular the United Kingdom) because they realized that they were making a contribution to the global trading system. Accession to membership by the least developed countries was a special concern for UNCTAD, which was pleased that two such countries, which had been supported by UNCTAD in the negotiations, had become members of WTO.

28. Attention must also be drawn to the importance which all delegations accorded to the issue of commodities. In other days it had been understood that it was an important function of UNCTAD to support through its Commodities Division the negotiations with consumer and producer organizations, in the belief that they should intervene in the markets in some way by means of buffer stocks and other arrangements. That approach, based on the costly illusion that markets could in some sense be directed or steered, had proved incorrect and had been abandoned. What remained was the need for cooperation among all the stakeholders in the international commodity markets, which varied enormously in terms of their economic, social and political problems, as well as in other ways, and must therefore be treated with the necessary degree of differentiation. UNCTAD also worked closely with two organizations whose mandates related directly to the countries with special needs: the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States; and the Department of Economic and Social Affairs, which played a major role as focal point for the implementation of the Barbados Programme of Action.

29. Delegations had also expressed much interest in the idea of a new geography of international economic relations and international trade. UNCTAD reaffirmed that that idea did not seek to diminish the importance of trade between developed and developing countries or to divert attention from the main issue of access to markets and the elimination of trade distortions, which remained the primary objective of the negotiations in WTO and of the support work done by UNCTAD in that area. But the South was beginning to emerge as one of the main economic actors in trade and investment, technology, services and commodities with great potential for contributing to the multilateral trading system. The developing countries were somewhat reluctant to take part in negotiations on market access for non-agricultural products because they felt that they should protect their infant industries, but if they saw in those negotiations the possibility of bringing into play their comparative advantages, diversity and complementarities they could contribute both to the expansion of South-South trade and to the expansion and development of the multilateral trading system. UNCTAD would continue to work in those areas in a manner which complemented the work of WTO, in the hope of helping to strengthen the international trading system.

30. **Mr. Montealegre** (Philippines) said that his delegation associated itself with the statements made

by the representative of Qatar on behalf of the Group of 77 and China, by the representative of Indonesia on behalf of ASEAN, and by the representative of Australia on behalf of the Cairns Group. His delegation was grateful to the Secretary-General for his report and noted that several other delegations had already stressed the need for effective implementation of the São Paolo Consensus and had mentioned the results which the Doha Round was hoped to achieve with regard inter alia to the role of UNCTAD in development cooperation.

31. It had been asserted time and again that trade was the main engine of growth, propelling jobs creation and contributing to the attainment of the Millennium Development Goals and the improvement of the quality of life for people around the globe. It was for that reason that the Philippines attached great importance to creating an international trading environment which was open, rules-based and non-discriminatory and operated on a level playing field. Addressing the question of coherence between the various policies, the observance of policy space, and strengthening the role of UNCTAD would help to deliver such an environment.

32. Every country bore the primary responsibility for its own development, but it must also be recognized that global economic processes should support and facilitate national development goals and strategies. The Philippines was also convinced that global economic policy-making required increased multidimensional coherence. That meant that the Bretton Woods institutions and other international organizations would also have to align their policies accordingly. While coherence between national economic policies and international economic processes was essential, it was equally important for the development prescriptions of the international financial, monetary and trade institutions to be coherent with each other. There was no such thing as a one-size-fits-all strategy.

33. The Philippines had played an active role in the development work of the United Nations, participating in international meetings where it had emphasized that the international community must incorporate the development dimension of developing countries in international trade policies. That could be done only if the developing countries enjoyed the necessary policy space in such areas as trade, investment, technology and other specific sectors. That was the basic principle of development: a social obligation derived from the profit motive.

34. UNCTAD XI had reaffirmed the institution's continuing importance as the sole United Nations body with a mandate to consider trade and development issues in an integrated manner. It was essential to continue to support the work done by UNCTAD in connection with the deepening globalization and interdependence processes and the unfulfilled development commitments. UNCTAD must likewise continue to support countries with respect to issues of international trade and finance and other economic and social issues which were not adequately addressed in other forums. It deserved commendation for the important role which it played in providing the developing countries with technical assistance for capacity-building to enable them to engage actively in multilateral economic negotiations. It should also play a major role in forging the critical link between trade, which fell within the purview of WTO, and the various development processes of the United Nations system. To that end UNCTAD must retain its central role in the promotion of multilateral cooperation for development. It should also complement the functions of WTO and other multilateral institutions in the various development rounds as the principal arm of the United Nations in its coordination dialogue on development issues with the International Monetary Fund, the World Bank and other stakeholders through the Financing for Development Initiative and the high-level processes of the Economic and Social Council. And UNCTAD should undertake further studies and research on the development and promotion of a framework for development cooperation based on the concept of policy space, in accordance with what had been agreed at UNCTAD XI and in the São Paolo Consensus.

35. **Mr. Gerus** (Belarus) said that international trade was one of the principal moving forces of economic growth and development and that when fully integrated in national development plans trade policies played an important role in achieving such goals as economic growth, poverty eradication, creation of new jobs, and sustainable development. The majority of the developing countries were in extremely difficult situations which had prompted them to make significant efforts in the sphere of trade liberalization, demonstrating their aspiration to use trade as an instrument of development and poverty reduction. Unfortunately, despite those efforts the share of

African and least developed countries in international trade continued to decline. The States members of WTO should take practical steps to prove their intention to ensure duty-free and quota-free access for the products of the least developed countries. Belarus had helped to provide access to world markets for the developing and least developed countries and had granted unilateral trade preferences to a number of them.

36. His delegation warmly welcomed the conclusion reached by UNCTAD that the role of the developing countries and the countries with economies in transition in the growth of international trade was more important now than ever before. However, the conditions of the access of those two groups of countries to the markets of the developed countries were crucial factors for their economic and trade growth; it was therefore necessary to reduce the barriers to trade and assist those two groups of countries to cope with the difficulties and the high costs of integration in the markets of the developed countries.

37. It was to be hoped that the Doha Round of multilateral trade negotiations would be brought to a successful conclusion, creating new opportunities for trade, reducing the trade barriers between countries, and directing the trading system towards the development goals. The negotiations should lead to the attainment of the Round's main objective: to provide development assistance and establish stable, predictable and non-discriminatory conditions for access to the international goods and services markets by all participants, including the countries with economies in transition which were in the process of joining WTO. In that connection his delegation welcomed the framework agreement adopted in 2004 by the countries members of WTO, for it had broken the Cancún deadlock and allowed the multilateral trade negotiations to be renewed within the WTO context. The determination of frameworks, structures and directions for future negotiations in five priority fields was important for the further advancement of the negotiating process and gave grounds for optimism about their results. It should not however be forgotten that real progress could not be made without political will and additional efforts on the part of all the participants in the negotiations.

38. As a country in the process of joining WTO Belarus noted with satisfaction that its member States recognized the necessity of taking into account the significant concessions made by new members. Belarus had an open economy and its accession to membership in WTO was part of a sustainable-development strategy and a priority of its economic foreign policy. In the negotiating process Belarus was in favour of establishing obligations for the joining countries in keeping with their economic situation which offered them an opportunity to derive real benefit from their participation in the multilateral trading system in the future.

39. The organizations of the United Nations system, in particular UNCTAD, had both the necessary competence and significant experience in assisting the developing countries and the countries with economies in transition to join the multilateral trading system on acceptable terms which took into account their special characteristics and development needs. His delegation welcomed in that connection the provisions contained in the final documents of UNCTAD XI concerning the need to reinforce the support given to the countries with economies in transition to enable them to formulate, implement and review their domestic trade-related policies and other measures in order to enhance as far as possible their role in international trade. Belarus was ready to take an active part in the design of mechanisms for the practical provision of such support.

40. **Ms. Al-Rawi** (Iraq) said that her delegation associated itself with the statement made by the representative of Qatar on behalf of the Group of 77 and China. Globalization had placed the developing countries in a very difficult situation in terms of their adjustment to the new international economic scene and world economy, which was tending increasingly towards openness and free trade. It was therefore essential, now more than ever before, for the international community to take the necessary action to help the developing countries to integrate themselves in the world economy and thus in the multilateral trading system and for it to remove all the obstacles to and restrictions on the movement of commodities, services and technology so that the developing countries could forge a new alliance for genuine development in the world.

41. Iraq believed that the international community and the international financial institutions, both multilateral and bilateral, should furnish the necessary assistance to ease the impact of the drop in export earnings in those countries which were heavily

dependent on exports of commodities. An appeal must be made for the donor countries to assist the programmes for diversification and protection of the affected countries. There was a need to reform the international financial system and place a limit on financial flows which had an adverse impact on the prices of the commodities of the developing countries and undermined their efforts to secure development and economic independence. WTO and the international trading system should facilitate the access of developing-country commodities to developed-country markets and thereby mitigate the impact of crises.

42. Iraq appealed to UNCTAD and the Common Fund for Commodities, as well as to all the other organizations concerned, to make available the information obtained from studies conducted for the purpose of improving the capacity of the developing countries to set their programmes in motion. It was to be hoped that the establishment of an international economic and financial system would ensure the economic development and well-being of all the peoples of the world.

43. **Mr. Barnwell** (Guyana), speaking on behalf of the countries members of the Caribbean Community (CARICOM) on item 83 (a) and (d), said that they fully endorsed the statements made by the representative of Qatar on behalf of the Group of 77 and China and by the permanent representative of Mauritius on behalf of the Alliance of Small Island States. Trade remained the most important engine for promoting economic growth, poverty eradication and sustainable development. Trade, growth and development should be mutually supportive and reinforcing. Trade policies should be integrated into a holistic framework covering the various aspects of the development process, such as savings and investment, macroeconomic stability and human resources development.

44. Following the prolonged deliberations of July 2004, which had resulted in a framework arrangement for the continuation of the negotiations on the Doha Ministerial Declaration, the States members of CARICOM stressed the urgency of advancing the development agenda. It was not sufficient simply to reaffirm decisions taken in Doha two years earlier, nor would it be acceptable to revise the expectations of the Doha Development Agenda in a manner which undermined the legitimate interests and concerns of the developing countries, particularly those with small vulnerable economies.

45. Over the past two decades the States members of CARICOM had carried out some of the most radical programmes of economic reform, with the expectation of reaping the gains of trade liberalization. CARICOM was committed to the WTO reform process, which included special provisions to address the development needs of small vulnerable economies. In that context it believed that trade liberalization was not an end in itself but a means of promoting the sustainable development of the developing countries. However, trade liberalization and the erosion of preferences were having severe effects on the fragile economies, social stability, health, education and revenues of several of the States members of CARICOM. Those problems complicated the region's economic situation still further and created additional difficulties in attracting investment and pursuing appropriate trade and development policies. The CARICOM States faced the risk of marginalization unless they were extended the special and differential treatment which were essential if they were to use trade agreements to promote trade, growth and development. Such treatment was more than an adjustment mechanism for the implementation of trade agreements: it was an important instrument of development; the matter had been addressed in paragraph 44 of the Doha Ministerial Declaration.

46. Paragraph 36 of that Declaration provided for a working group to examine the relationship between trade, debt and finance and make recommendations on steps which might be taken within the mandate and competence of WTO to enhance the capacity of the multilateral trading system to contribute to a durable solution to the problem of the indebtedness of the developing and least developed countries and to strengthen the coherence of domestic trade and financial policies in order to safeguard the multilateral trading system against the effects of financial and monetary instability. That question was a matter of profound concern for the States members of CARICOM, which hoped that WTO, the General Assembly and other relevant international institutions would give it full consideration.

47. Services were another area of the WTO agenda of critical importance for the CARICOM economies. The services sector had been addressed under WTO auspices in 1995 in the General Agreement on Trade in Services (GATS). GATS incorporated the basic principles of non-discrimination, most-favoured-nation treatment, national treatment and transparency, but the

progressive liberalization called for in GATS could have both very negative and very positive consequences for small vulnerable economies such as those of the Caribbean. It raised a number of sensitive issues such as human development, possible adverse effects on employment, migration, cultural penetration, and intrusion into policy space. Such issues required multilateral cooperation. The Secretary-General should address them in his future reports.

48. Regrettably, the critical issue of commodities had not been addressed comprehensively in the Doha Declaration, the Monterrey Consensus or the Johannesburg Plan of Implementation, but it had been accorded special attention by the President of the General Assembly at its fifty-eighth session and by UNCTAD in the eminent persons' report on commodities. That report contained 15 recommendations for action, including: (a) enhanced, equitable and predictable market access for commodities of key importance to developing countries; (b) attention to the problems of oversupply of many commodities; (c) making compensatory financing schemes user-friendly and operational; (d) strengthening capacity and institutions; and (e) pursuing the possibility of creating a new international diversification fund. The CARICOM States were concerned about the deteriorating terms of trade for commodities and the debilitating impact of that trend on the performance of commodity-dependent developing countries. As his delegation had pointed out in 2003, the seriousness of the problem prompted doubts about the possibility of attaining the Millennium Development Goals in many developing countries and posited an urgent need for action by the international development institutions to ensure policy coherence on commodity issues.

49. **Mr. Adel** (Egypt) said that his delegation associated itself with the statement made by the representative of Qatar on behalf of the Group of 77 and China. There had been two major international economic events in 2004: UNCTAD XI and the decision taken by the WTO General Council on 1 August under the Doha work programme. Both events had stressed the importance of including the developmental dimension in any future multilateral trade negotiations, thus reinforcing the consensus that trade was not an end in itself but a means to growth. Like many other developing countries, Egypt believed that there was a need to place development at the centre of the international economic agenda and to enhance the coherence between national development strategies on the one hand and international obligations and commitments on the other, with the objective of creating an enabling economic environment for development. It was for each country to evaluate the advantages and disadvantages of the international rules and commitments.

50. A satisfactory outcome to the negotiations under the Doha work programme would depend on whether they took into account the interests and concerns of the developing countries in a transparent and inclusive process. It was important inter alia to increase their access to the markets of the developed countries in order to secure development gains from the international trading system, to make special and differential treatment an integral part of all aspects of the negotiations, to address as priorities the implementation-related issues and concerns raised by developing countries, to devise means of eliminating all export subsidies for agricultural products by a credible early date, to address the difficulties faced by commodity-dependent developing countries owing to the volatility of commodity prices in the world markets, and to reduce or eliminate high tariffs, tariff peaks and tariff escalation, and non-tariff barriers.

51. **Ms. Jemaneh** (Ethiopia) said that her delegation endorsed the statement made by the representative of Qatar on behalf of the Group of 77 and China. International trade was one of the most suitable tools for achieving the Millennium Development Goals, even if the developing countries were faced with many problems owing to the lack of multilateral rules responsive to their development needs and priorities. In many developing countries trade was not functioning as an engine of growth because their economies were based on a few primary products beset by weak demand, volatile prices and terms of trade which had been deteriorating for some time; the whole situation was aggravated by infrastructure deficiencies, lack of modern technology, and poor access to market information.

52. Her delegation believed that the framework agreement adopted by WTO on 1 August 2004 was a step forward in the search for solutions to those problems, but the parties involved must take concrete action to resume the negotiations on the Doha work programme in order to secure a rules-based, non-discriminatory and development-oriented multilateral trading system. However, reform of the international

trading system could not of itself provide a panacea for the problems of the developing countries. The international community needed to give the developing countries financial and other trade-related technical assistance to complement their efforts to integrate themselves more effectively in the international trading system. The consensus reached at UNCTAD XI constituted an added value in the ongoing WTO negotiations on the Doha work programme. UNCTAD had been given an ambitious mandate on commodities and would continue its efforts to identify, design and implement new policy approaches to commodity-related development problems. Her delegation welcomed the establishment of a task force on commodity issues at UNCTAD XI.

53. Ethiopia, which was in the process of joining WTO, urged its members to implement faithfully the decision adopted by the General Council on 10 December 2002 on guidelines to facilitate and accelerate the joining process for the least developed countries. It emphasized the need to give those countries adequate and predictable assistance, including technical, financial and other forms of assistance, as indicated in the Brussels Programme of Action, in order to enable them to participate effectively in trade negotiations in defence of their interests, and it requested the development partners to continue their all-round support for Ethiopia's application for membership.

54. **Mr. Savchuk** (Ukraine) said that the Secretary-General's report on trade and development reflected the substantial growth in international trade in recent years, although not all countries were benefiting to the same extent from the multilateral trading system. It was in fact important for all countries to benefit from that system and to take sustained action to create stable, predictable and non-discriminatory terms of access for all countries, including those with economies in transition, to the international goods and services markets. Market openness should be maintained and expanded by improving the multilateral trade rules and keeping them in a balanced relationship with trade liberalization, for that would enable the economies in transition to benefit from liberalization and integrate themselves better in the global economic system. Furthermore, the expansion of the transitional and developing markets would produce economic growth and have a positive impact on the global economic system.

55. As a framework for promoting world trade and economic growth WTO played a fundamental role when it came to establishing just and non-discriminatory multilateral trade relations and providing transitional and developing countries with guidelines to help them to gain access to world markets on terms of equality. Ukraine welcomed the agreements reached by the WTO General Council in the trade negotiations under the Doha programme of work: the momentum gained must be used to secure satisfactory results in the multilateral trade negotiations and an international trading environment conducive to development for all.

56. UNCTAD should perform a more important function as United Nations coordinator of the integration of trade and development. The success of UNCTAD XI was commendable, for the session had achieved a consensus on important aspects of the international trade and development agenda, and the already broad UNCTAD mandate in that area had been expanded. It was a cause for satisfaction that the session had imparted a fresh impetus to the multilateral trade negotiations under the Doha programme of work. UNCTAD should collaborate closely with WTO and the International Trade Centre and improve the coordination of the global development agenda for trade in order to avoid duplication in the efforts to promote the integration of all countries in the world economy.

57. Ukraine had made substantial progress in international trade in recent years but had a long way to go before it was fully integrated in the international trading system. Its accession to membership in WTO would help to achieve that goal, and therefore Ukraine urged the international community to facilitate its admission on commercially meaningful and viable terms, for that would have a fundamental influence on its domestic initiatives to increase trade and investment. It was also essential for the relationship between the developed countries on the one hand and the transitional and developing countries on the other to be a realistic one; such a relationship should form the basis of the international trading system. In that connection Ukraine requested the European Union and the United States, two of its major trading partners, to recognize it as having a fully developed market economy following the important reforms carried through over the last two years.

58. **Mr. Singh** (World Conservation Union (IUCN)) said that in the context of the Millennium Development Goals the trading and financial system was

fundamental to the promotion of a world association for development. The World Conservation Union (IUCN) shared the view that trade was not an end in itself but a means of reducing poverty and achieving sustainable development. The point had also been made repeatedly that trade and the environment must be mutually supportive.

59. UNCTAD XI had been the first major international meeting on trade since the failure of the WTO Ministerial Conference in Cancún. IUCN congratulated UNCTAD on the work which it had done, on its efforts to ensure that trade should facilitate development, and on its initiatives concerning the environmental aspects of its mandate, and it encouraged UNCTAD to continue incorporating environmental issues in its programme of work, in accordance with Agenda 21. Trade issues had been acquiring ever increasing importance in international agreements on biodiversity, threatened species and genetic resources, as well as in the debates on access to and distribution of benefits and on intellectual property rights. IUCN believed that the main problem of sustainability was to increase the coordination between those processes.

60. Against the background of the innovations in the area of trade and sustainable development, attention must be drawn to three especially important matters. Firstly, ensuring coherence between international policies and legislation was one of the main functions of the United Nations. IUCN urged the Organization to take a strategic role in the efforts to secure that coherence in the sphere of trade and sustainable development, for that was a crucial factor for the success of the Doha negotiations. Secondly, IUCN endorsed the view that sustainable development must be reflected and fully integrated in the programmes of United Nations organizations, the Bretton Woods institutions and WTO. In that connection it welcomed the work done by the United Nations on the integration and coordination of the outcomes of the major economic and social conferences and urged the Organization to continue and to step up its efforts to enhance the communication, collaboration and coherence between all the bodies concerned with trade and sustainable development. IUCN requested the States Members of the United Nations to become members of WTO as well, to raise environmental issues in the trade forums and, in particular, to try to find a constructive solution to the dispute about the observer status of the international environmental organizations, in order to ensure that such issues were given attention in the deliberations of WTO. Thirdly, IUCN welcomed the continuing attention given by UNCTAD to the need to build up trade and development capacities and encouraged it in its efforts to ensure that the needs of the developing countries and the function of organizations of civil society were taken into account when it came to technical assistance and capacity-building in connection with trade and the environment.

61. IUCN was working for a just world in which nature was valued and conserved; it was committed to ensuring that trade contributed to the attainment of that goal.

The meeting rose at 4.35 p.m.

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Held at Headquarters, New York, on Thursday, 4 November 2004, at 9.30 a.m.

Chairman:	Mr. Balarezo	(Peru)
later:	Mr. Ramadan (Vice-Chairman)	(Lebanon)
later:	Mr. Balarezo	(Peru)

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04-59135 (E)

The meeting was called to order at 9.45 a.m.

Agenda item 90: Operational activities for development (A/59/115)

(a) Operational activities for development of the United Nations system (A/59/135)

(b) Triennial comprehensive policy review of operational activities for development of the United Nations system (A/59/3 (chap. I), A/59/84-E/2004/53, A/59/85-E/2004/68, A/59/386 and A/59/387)

1. **Mr. Civili** (Assistant Secretary-General, Department of Economic and Social Affairs) introduced the reports of the Secretary-General on comprehensive statistical data on operational activities for development for 2002 (A/59/84-E/2002/53); comprehensive statistical data on operational activities for development for 2003 (A/59/386); triennial comprehensive policy review of operational activities for development of the United Nations system (A/59/85-E/2004/68); and on triennial comprehensive policy review of operational activities for development of the United Nations system: conclusions and recommendations (A/59/387).

2. During the previous week's dialogue on the triennial comprehensive policy review, the United Nations system and Member States had shared a greater sense of urgency about how to achieve field-level coherence and to orient United Nations development cooperation towards achieving the Millennium Development Goals. There was a keener awareness of the magnitude of demands for development cooperation and for the system to work at full capacity to meet them. The dialogue had also given a good sense of how complex it was to articulate and operationalize responses. Greater cost-effectiveness and coherence, the objectives driving reform, were increasingly seen as instruments to maximize results, rather than ends in themselves. In that regard, the plans and priorities of individual countries were the basic benchmark against which coherence and effectiveness must be defined and measured.

3. The goal of harnessing all capacities available in the system entailed not only ensuring that the country benefited from all that the system had to offer but also ensuring that capacities in all the sectors that were available in the system and corresponded to key national priorities were effectively placed at the disposal of the country, regardless of whether or not the organization concerned was a resident agency. Under that approach, national ownership was both the starting point and a key objective of the effort to enhance system-wide coordination. In that regard, the United Nations Resident Coordinators' role was indispensable in facilitating dialogue with Governments and supporting national coordination, which, in turn, was a key ingredient of national leadership and ownership.

4. There was also growing awareness of the critical relationship between poverty reduction strategy papers, the United Nations development assistance frameworks and other country-level programming instruments. Turning to resources, he noted, inter alia, that the move from a supply-driven to a demand-driven approach to United Nations development cooperation needed to be accompanied by a fundamental reflection on the adequacy of resources in relation to actual demand. Such a reflection must encompass basic modalities of funding. That issue must be tackled in an open, deliberate way across the programmes and funds and other organizations of the United Nations system.

5. *Mr. Ramadan (Lebanon), Vice-Chairman, took the Chair.*

6. **Ms. Heyzer** (Executive Director, United Nations Development Fund for Women (UNIFEM)), introducing the report on the activities of the United Nations Development Fund for Women (A/59/135), said that a number of recent assessments of women's empowerment and gender equality had shown mixed results. Indeed, while gender equality policies and action plans had been adopted by more than 129 countries and legislation had been passed to strengthen women's rights to land and property, increase their political representation and penalize gender-based violence, laws, policies and programmes often failed to lead to action. When gender equality was made a cross-cutting issue, it often became invisible, as did the effect of development policies on women and their role in shaping them. Moreover, gender experts within the United Nations often lacked the status, time, resources and capacity to influence decision-making and support technical areas. Finally, in order to strengthen accountability and turn words into action, the United Nations needed to take a strong and coherent approach in support of implementation of

the national priorities on gender equality articulated in many national plans and laws.

7. Greater accountability for delivering on gender equality commitments required better tools. UNIFEM gave high priority to supporting countries in their efforts to produce, use and build sustainable capacity in sex-disaggregated data. Gender-responsive budgeting was also a high priority. Indeed, UNIFEM was supporting gender-responsive budgeting initiatives in every region. What had become clear from the progress achieved was that in order to change the realities of women's everyday lives, laws and policies must be implemented and attitudes and practices must change. For that to happen, sustained partnerships, monitoring and resources, especially at the national and regional levels, were essential; agencies on the ground must also share good practices.

8. Within the United Nations system, UNIFEM was chairing a task force of gender equality specialists from the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the Division for the Advancement of Women. The task force had concluded that the Organization needed to develop a coherent set of performance indicators on gender equality for United Nations country teams, to ensure that those working on gender equality had seniority, resources and capacity, to make better use of existing gender equality expertise, and to more effectively position UNIFEM and ensure that it had adequate resources.

Question-and-answer session

9. **The Chairman** asked what different financing options were available in efforts aimed at guaranteeing a predictable flow of resources for operational activities for development.

10. **Mr. Civili** (Assistant Secretary-General, Department of Economic and Social Affairs) referred to a report on the financing of operational activities for development that the Secretary-General had submitted two years previously to the Economic and Social Council as well as to the Monterrey Consensus on financing for development. The issue should be addressed in its totality, account being taken of all the options available, policies in individual countries and what was happening in individual funds and programmes. The idea was to move from the supply-driven approach to the demand-driven approach.

11. **Ms. Rivington** (Canada) asked how specialized agencies or non-resident agencies without the will or the capacity to establish a country or regional presence could participate more effectively in the process at the country level.

12 **Mr. Essel** (Ghana) wanted to know how countries with differing circumstances and levels of development related to the overall global Millennium Development Goals and how the United Nations system, the Bretton Woods institutions, and the multilateral and bilateral systems fitted into the picture.

13. **Mr. Kogda** (Burkina Faso) asked what measures were being taken to ensure that non-resident organizations were able to act in the field and, given the new orientation, how funding and payments could be standardized.

14. **Mr. Civili** (Assistant Secretary-General, Department of Economic and Social Affairs), replying to the question raised by Canada, said that the idea was not to encourage more agencies to have offices in the field, but rather to enhance coordination between existing field offices. Every effort should be made to be responsive to the needs and requirements of countries. The structure of field offices was determined by many factors, including the different approaches to centralization versus decentralization and availability of resources. The resident country team and the resident coordinator should make it a priority to ensure that all the capacities of the system were geared towards responding to country requirements. Non-resident agencies, for their part, should realize that their contribution would be part of a broader effort. If that mindset prevailed at the country level and among the agencies, the answers would be many and would come naturally. Under an agreement between the United Nations Industrial Development Organization (UNIDO) and UNDP, for example, an expert from UNIDO would be placed at the disposal of UNDP Resident Coordinators. Further work was needed to explore the possibilities of information and communication technologies (ICT) as an instrument of coordination. The issue was an important one, considering that the key dimensions of development plans, from trade to many aspects of the productive sector, were covered almost exclusively by agencies that did not have offices in the field.

15. **Mr. Khan** (Director, Division for ECOSOC Support and Coordination), replying to the questions raised by Ghana, said that the United Nations system of cooperation could and had assisted individual developing countries to translate the Millennium Development Goals to their own circumstances, priorities and conditions. That was one of the key functions of the United Nations development cooperation system. Nevertheless, the countries' leadership and ownership of the agenda must be clearly established. The entire United Nations system needed to be brought in around the countries' own priorities and strategies based on the Millennium Development Goals. The report of the Secretary-General on the triennial comprehensive policy review of operational activities for development of the United Nations system: conclusions and recommendations (A/59/387) drew attention to that element, particularly in the first set of recommendations, in paragraph 17 (a) and (d).

16. The other dimension of the question was that of coordination between the United Nations system, including the Bretton Woods institutions, and the bilateral systems. There again, the most important element was the leadership and ownership of the country concerned. A number of important instruments were also available to the system, such as the United Nations Development Assistance Framework (UNDAF). The United Nations system, the Bretton Woods institutions, the countries themselves and bilateral agencies should base their programmes on the Millennium Development Goals. A coherent, system-wide, country-level approach was needed that was responsive to national priorities and aligned with national strategies. If that could be achieved, and if the bilateral donors would participate, there could be a fundamental shift in the way that development cooperation was implemented at the country level.

17. With regard to the question raised by Burkina Faso concerning the allocation of resources, he said that resources could be pooled, and the evaluation and monitoring processes could bring out elements that needed to be addressed. Thus, a system of results and rewards could be helpful as a basis for further allocation of resources.

18. **Ms. Heyzer** (Executive Director, UNIFEM), referring to the question on non-resident agencies and possible alternatives, said that the issue was how the regional centres could become technical centres that could support country teams. The other issue to look at was that of sharing staff and using available information technology to create knowledge networks so as to deliver expertise at the time when it was required. Thus, non-resident organizations would not need to have a permanent presence in the field but could be present when needed. In exploring that possibility, they should also work on developing exit strategies.

19. With regard to gender mainstreaming in poverty reduction strategies, she stressed the importance of working to alleviate or remove barriers to the generation of wealth, such as limits on land ownership, access to water and access to roads, among others. It was important to be able to map the geography of poverty, especially of feminized poverty, to identify the growth sectors in which women were involved and to improve market access for women producers, so that they did not engage only in the production of low-value goods and services. Poverty reduction strategies (PRSPs) should be linked to the trade agenda. Efforts should also be made to assist women in countries coming out of conflict or on the verge of conflict and to ensure that the PRSPs addressed the root causes of conflict in terms of exclusion and inequality.

20. *Mr. Balarezo (Peru) resumed the Chair.*

21. **Mr. Al-Nasser** (Qatar), speaking on behalf of the Group of 77 and China, said that the measures that were being taken by the United Nations system to improve its organization and planning at the country level should be based on national development agendas and be geared to assisting developing countries in their efforts to achieve the Millennium Development Goals and other internationally agreed goals through their national strategies. Ownership should be an objective of development assistance; national capacities to design and implement endogenous development policies needed to be enhanced and supported by United Nations field operations.

22. The Group of 77 and China fully shared the concerns and recommendations of the Secretary-General on the need to ensure predictable, stable and adequate funding for United Nations development assistance. New funding mechanisms should be explored, and harmonization and simplification measures should be enhanced. However, it was important to stress that the quality and not only the quantity of resources determined the impact of operational activities in the field. Multi-year core

budgets, rather than earmarked resources, should be the main financing instruments of multilateral development cooperation, so as to ensure predictable planning and a coherent response to multilaterally agreed goals. Flexibility and pragmatism should guide further progress in ensuring the role of United Nations entities according to each country's needs; it was important to facilitate the substantive participation of non-resident entities in country-level operations as required by the national development agendas.

23. Gender equality and gender mainstreaming needed to be integrated into the country programmes as one of the main goals of United Nations assistance. The Organization's support for countries in transition from crisis to development required an accurate articulation of peacebuilding, conflict prevention and post-conflict assistance. Such assistance should not be limited to meeting short-term needs; the assistance required during the recovery phase entailed different instruments and additional funding. The increasing relevance of regional and subregional arrangements should be taken into account in the design of multilateral development assistance, particularly in the case of transboundary initiatives. The regional dimension of development cooperation should also be taken into account in inter-agency arrangements within the United Nations system. The deepening of South-South cooperation should be reflected in development activities and should be supported through networking and exchanges not only among developing countries but also in cooperation with other donor partners.

24. Effectiveness and credibility depended on concrete development results. One basic principle was to ensure an appropriate assessment of United Nations assistance based on development benchmarks agreed with the recipient country. The monitoring and evaluation functions of individual organizations as well as of the system as a whole should be given high priority. Another prerequisite was to ensure that development funds were used most efficiently and were devoted to the core function of supporting development activities. Every effort should be made to minimize non-development expenditures.

25. The Group of 77 and China supported the recommendations included in the report of the Secretary-General on the triennial comprehensive policy review of operational activities for development of the United Nations system: conclusions and recommendations (A/59/387). However, he would like to elaborate on the position of the Group on some of those recommendations. In particular, it wished to emphasize the key role played by the Resident Coordinator and by UNDP, the importance of the Common Country Assessment (CCA) and UNDAF and the monitoring role of the United Nations Development Group (UNDG). The Resident Coordinators and the United Nations country teams should use various means, such as networking, shared experts and regular contacts among agencies, to facilitate the participation in United Nations operations of entities that did not have a country presence. Similarly, non-resident entities should explore and implement practical ways of collaborating within the system so as to ensure that their knowledge and expertise was used in the most appropriate and efficient manner.

26. The recommendations of the Secretary-General indicated that planning done through the CCA/UNDAF process should be supportive of national plans and poverty reduction strategies. However, it was not clear how the financial and technical assistance provided by the Bretton Woods institutions, including the PRSPs would interact with the CCAs and UNDAFs. It was important to ensure coherence between all the different policy components and country ownership of those policy components.

27. The relevance and effectiveness of the CCAs and UNDAFs would remain limited if the assistance provided by the Bretton Woods institutions was not properly articulated with the assistance provided by the rest of the United Nations system. In general, the CCA/UNDAF process was focused mainly on humanitarian, social, environmental and microeconomic domestic issues, while macroeconomic policies such as finance and trade, as well as poverty reduction measures, were addressed through the PRSPs and therefore linked to the assistance of the Bretton Woods institutions. That was an artificial segmentation of the development agenda, and it was for each developing country to decide how to ensure coherence between those different instruments in accordance with its own needs. In the same context it was necessary to examine the role of the assistance provided by the World Trade Organization (WTO) in the area of international trade rules. The report of the Secretary-General correctly called for inter-agency partnerships and knowledge networks, including for non-resident entities, and that recommendation should also encompass the Bretton Woods institutions. Those inter-

agency arrangements should be flexible and pragmatic and aimed at maximizing the benefits of the diverse expertise existing in the United Nations family.

28. As for the recommendation on the funding of United Nations field operations, the Economic and Social Council should establish an intergovernmental working group to examine the predictability, stability and adequacy of the funding of United Nations development operations, as well as new and alternative funding mechanisms. It should also undertake, on a regular basis, a comprehensive review of the trends and perspectives of the financial resources of United Nations system development cooperation as compared to other forms of international development assistance. In the light of the consensus regarding the need for coherence in the pursuit of development objectives, donor partners had to examine carefully whether their approaches to funding with regard to United Nations system operational activities, the Bretton Woods institutions and other bilateral initiatives were consistent with the goals of coherence, coordination and cost-effectiveness.

29. It was equally important to make progress in the management of United Nations field operations. Decentralization, delegation of authority, simplification of financial regulations, and flexible arrangements regarding personnel, shared services and premises needed to be considered in the light of effectiveness and results. Greater inter-agency collaboration in the field as well as at Headquarters was a priority. The United Nations System Chief Executives Board for Coordination (CEB) and UNDG should ensure the involvement and inclusion of all United Nations entities in field operations, including the non-resident entities.

30. Development was and would continue to be one of the main responsibilities of the multilateral system. Collective security had two faces — the security component and the economic component — and the United Nations and all its Member States had to address both with equal attention. Efforts to prevent conflicts were meaningless if the economic roots of those conflicts were not addressed. It was the common interest of all to ensure that development was at the top of multilateral efforts and that economic collective security was a top priority of multilateralism.

31. **Mr. van den Berg** (Netherlands), speaking on behalf of the European Union, the candidate countries Bulgaria, Croatia, Romania and Turkey, the countries of the stabilization and association process and the potential candidates Albania and Serbia and Montenegro, said that the resolution for adoption during the current session on the triennial comprehensive policy review of operational activities for development of the United Nations system should underline the importance of the overarching framework of the Millennium Declaration and Millennium Development Goals and invite countries to focus nationally owned, nationally driven development strategies on the 2015 development agenda, customizing development targets according to their specific realities and ambitions.

32. The environment of international aid was changing rapidly. Based on the Monterrey Consensus, resources for development could be expected to increase in the years to come. Many providers of international assistance for development had delegated decision-making on funding to the decentralized level. The trend in funding modalities was a stronger emphasis on budget and sector programme support. The United Nations should position itself strategically in that dynamic environment by focusing on what it did best: providing technical assistance and building national capacities, including local capacities, to manage the new forms of support, and implementing concrete activities that were strategically linked to national poverty reduction strategies. The new aid modalities could give the United Nations greater leverage on how resources were used in the pursuit of the Millennium Development Goals.

33. Lack of adequate funding in the United Nations development system did not justify failure to perform with utmost efficiency and effectiveness within the current funding framework. To attract resources for its programmes, the system needed to pursue its reform agenda vigorously, reducing fragmentation and avoiding competition, duplication and overlap. There should be greater simplification and harmonization, with clear targets and deadlines for the next three years. There had to be a common, coherent, demand-driven and strategic programming approach focused on the Millennium Development Goals for all United Nations operations for development. That approach had to be harmonized and coordinated with other partners and in line with the national processes and priorities. The United Nations could not be expected to perform the tasks with which it was entrusted without an

adequate, secure and predictable funding base. Reform of the United Nations system should be accompanied by a substantial and sustained increase of earmarked core funding for operational activities. The European Union would favour a dynamic process of consultation on how to achieve that objective. Funding modalities such as assessed, negotiated and voluntary contributions should be further analysed.

34. The European Union believed that both the CCA and the UNDAF should adapt their cycles to the existing national planning cycle. Common analysis should increasingly replace repetitive analysis of individual agencies. UNDAF should not be an aggregation of proposals or ongoing projects and programmes from individual agencies. Instead, consideration needed to be given to a coherent programming and monitoring framework and to the contribution of the United Nations country team in its entirety to the national poverty reduction strategy. The central question for that team and for non-resident agencies in preparing UNDAF should be to determine those national priorities and international efforts to which the United Nations system at country level could effectively contribute.

35. The European Union would welcome a clear recognition of the UNDAF and the UNDAF results matrix in the triennial comprehensive policy review as the strategic planning tool for determining the roles and responsibilities of the various United Nations agencies working at the country level, fostering a harmonized United Nations approach to the country-led poverty strategy. The European Union encouraged the evolution of the UNDAF from a common framework for agency programming to a common programming instrument. It should become a tool for the mobilization of resources. The European Union would welcome joint evaluations of the impact of the contribution of United Nations country teams towards attainment of the Millennium Development Goals. The triennial comprehensive policy review should consider the feasibility of establishing a joint executive board to discuss matters relating to the aggregate performance of the funds and programmes, particularly at the country level, such as the joint evaluation reports, the overall progress with simplification and harmonization and the quality and effectiveness of CCAs and UNDAFs.

36. Recognition of the role of UNDAF and the results matrix as the United Nations contribution to the Millennium Development Goals at the country level implied a different authority for the Resident Coordinator. In order for the United Nations country teams to deliver a coherent contribution to the national strategy for poverty eradication, especially the PSRP, the European Union believed that the resident coordinator system needed to be further strengthened by giving the resident coordinator a greater level of authority and clearer lines of accountability. Firstly, the resident coordinator should be able to ensure that the UNDAF was fully aligned with the national poverty reduction strategies. Secondly, he should be able to make sure that all United Nations partners aligned themselves fully with the priorities identified in the UNDAF results matrix, thereby ensuring a more harmonized programme. Finally, the resident coordinator should be mandated to monitor the results achieved.

37. UNDP was best placed to manage the resident coordinator system. In countries with large programmes or complex post-conflict situations, there should be a division of labour between the resident coordinator and the UNDP country director, which would give the resident coordinator the latitude and time more effectively to coordinate the United Nations country team and enable him to focus on effective management of joint programmes. The UNDP country director would focus on managing and raising resources for the UNDP country programme. Resident coordinators should have the necessary resources to fulfil their role effectively. Core costs should be met through contributions from the UNDP core budget, as was currently the case. In order to enhance ownership by other partners in the system, financial arrangements, including cost-sharing, between the agencies participating in the United Nations country team could be envisaged for the country coordination plan itself. The quality and commitment of senior management would be critical: the European Union welcomed the improvements made in the resident coordinator selection process to ensure that the most suitable people were chosen. Accountability of the system would be greatly enhanced through a common assessment by all members of the United Nations country team of the performance of resident coordinators.

38. The Millennium Development Goals could not be achieved without adequately addressing the gender dimensions in operational activities. It was essential

that there should be sufficient gender expertise in United Nations country teams to monitor the implementation of the national poverty reduction strategy and to mainstream gender in the results-based programming framework of the United Nations. The European Union called upon all organizations of the United Nations system to ensure that their designated gender specialists at the country, regional and global levels had the seniority, capacity and time effectively to support gender mainstreaming in country-level activities in all the sectors required. The European Union advocated making gender theme groups mandatory in all United Nations country teams, and it strongly supported the Secretary-General's recommendation to articulate a comprehensive, time-bound action plan for gender mainstreaming and the empowerment of women. It welcomed the call in his report for the generation of sex-disaggregated statistics at the country level.

39. The European Union considered it vital in the transition from relief to development to ensure enhanced cooperation between the United Nations security, political and development actors. The United Nations needed to develop a coherent, cooperative and effective response to transition situations for the United Nations system as a whole. The inter-agency mission, currently in use in countries such as Afghanistan and the Sudan, and the joint assessment mission, should be used where appropriate. In the transition as well as the relief phase, capacity-building was an important element for national and local governments to assume their responsibilities. It was critical that the United Nations country teams should strengthen their cooperation in the nexus between humanitarian and development work in order to ensure a smooth transition at country level. The European Union welcomed the Security Council's request to the Secretary-General to develop an action plan, with time lines, for implementing its resolution 1325 (2000) on women, peace and security across the United Nations system.

40. Progress in recent years had not been even, as not all partners in the United Nations development system seemed fully to have embraced the drive for coherence, simplification and harmonization. The challenge for the United Nations was to develop one consolidated, integrated and coordinated United Nations system response to the needs of developing countries, based on the comparative advantages of the partners in the United Nations country team and building on the normative capacity of the United Nations in general. To that end, the full United Nations system must evolve rapidly towards joint programming based on common strategies that engaged all its components, with agencies that had the most relevant contribution to make to national priorities playing leading roles in the country team according to their capacities. A strengthened resident coordinator system and a rationalized United Nations country presence were crucial in that regard. The triennial comprehensive policy review provided Member States with the opportunity to ensure a coherent and coordinated United Nations development system. A comprehensive and time-bound action plan, with monitorable targets, was an essential prerequisite for success in the next phase of the reform process.

41. The European Union believed that the current triennial comprehensive policy review should keep in mind the crucial importance of the United Nations development system for the coordinated and integrated follow-up process to implementation of the Millennium Development Goals, to be held in 2005. The Millennium Development Goals recognized that development was a large and complex task, and clearly shared responsibility between donors and partner countries was essential for meeting them.

42. **Mr. Stanislavov** (Russian Federation) said that in the run-up to the 2005 review of implementation of the Millennium Declaration it was necessary to set specific targets whose attainment would enable the United Nations operational activities system to play an increasingly important role in assisting countries to implement the Millennium Development Goals. The comparative advantages of operational activities should be fully used, particularly in terms of respecting the principles of national ownership, universality, neutrality and the voluntary nature of operational activities, as well as ensuring the substantive focus on the mandatory independence of the funds and programmes.

43. Implementation of the recommendations contained in General Assembly resolution 56/201 had enabled real progress to be made in achieving reforms through improving coordination and coherence and optimizing key parameters in the programming process. The reform agenda was to a significant extent designed to be implemented primarily by the UNDG Executive Committee agencies. Different parts of the

United Nations development system participated in the reform at different speeds, and the Russian Federation considered that significant opportunities for increasing the effectiveness of United Nations operational activities were chiefly to be created by more active involvement of the specialized agencies, regional commissions and other bodies in coordinated work at country level. Further reform measures should take equal account of the interests, priorities and specific features of the work of both UNDG Executive Committee agencies and other entities of the United Nations development system.

44. Further simplification and harmonization of the rules and procedures should lessen the diversity of requirements, and reduce the administrative and financial burden on the programme countries and the agencies themselves, without infringing on their independence. The harmonization process had its limits because of the differences between agencies in terms of mandates, business models and structures. Recent experience had shown that harmonization often led not to simplification but to further complication of rules and procedures, and the emphasis now had to be put on simplification. The effectiveness of harmonization from the point of view of its financial consequences needed to be assessed separately. Thus far, there had been an increase rather than a decrease in administrative expenditures.

45. The Russian Federation supported further measures to rationalize the modalities of the United Nations presence in recipient countries in terms of increased use of common premises and services. It also supported further improvement in the quality of the CCA and UNDAF, in whose preparation the Government should continue to play the leading role. The CCA/UNDAF process should rely on analytical work carried out at the national level and be less wasteful. The introduction of the UNDAF results matrix was a positive development. In countries with a low level of programme resources, the application of CCA/UNDAF was not always justified and should not be a precondition for those countries to cooperate with the United Nations development system.

46. Proposals to broaden the authority of resident coordinators in overseeing implementation of the UNDAF deserved serious and pragmatic consideration. Such a step should not adversely affect recipient Governments in their cooperation with individual agencies, nor should it create an additional layer of bureaucracy in bilateral contacts, leading to increased administrative expenditures at the country level.

47. Post-conflict recovery and development was one of the important issues in the triennial comprehensive policy review, and the Russian Federation supported the key role the United Nations was playing in resolving related problems. It was necessary to concentrate programmes and funds on the practical aspects of ensuring a coordinated and timely response at the country level to post-conflict situations. The priorities were: to provide a balanced combination of humanitarian and long-term assistance in accordance with country-specific needs, to discharge the United Nations coordination function and ensure the flexible application of coordination instruments, involving the features of humanitarian appeals and UNDAF, and to enhance cooperation with the Bretton Woods institutions.

48. **Mr. Yao** Wenlong (China) welcomed the fact that in the past three years the programmes and funds of the United Nations development system had all made progress in resource mobilization, reforms and field-level coordination. All the core resources had increased to varying degrees; however, the financing goals of each agency were still far from being met. In addition, problems remained in the process of financing, such as resource unpredictability and instability and an increasing imbalance between core and non-core resources. All agencies in the United Nations development system therefore needed to continue their efforts to mobilize more resources, especially core resources, so as to offer greater financial support to developing countries in their endeavour to realize the Millennium Development Goals on time.

49. Since the timetable for meeting the goals ended in 2015, the pace of conducting operational activities should be accelerated. The international community should strengthen cooperation and establish development partnerships based on mutual trust, mutual benefit and mutual help. The developed countries should continue to fulfil their commitments, while the developing countries should continue to enhance national-level efforts, expand the scope of cooperation and trade among themselves, absorb more foreign direct investment, enhance national capacity-building and eradicate poverty through national economic development. China wished to encourage the agencies of the United Nations development system to increase development resources and to formulate

financing strategies and specific programmes which would help developing countries to meet their financing needs for achieving the Goals. The agency should also take advantage of the General Assembly's review of implementation of the Goals in 2005 further to mobilize the political will of donor countries and turn commitments into concrete actions.

50. There had been marked progress in the reforms of the United Nations development system. The people-centred approach to development had been pursued and efforts had been made to focus on participation, reduce disparities and respect diversity. In the simplification and harmonization of rules and procedures, at regular inter-agency meetings, each agency had made full use of its comparative advantages and jointly formulated programmes to avoid wasteful duplication and competition for resources, thereby reducing unnecessary burdens on the programme countries. The resident coordinator system had also been strengthened. China welcomed the momentum achieved in the reform process. It believed that better field-level coordination would facilitate follow-up actions in respect of the major United Nations conferences and summits and a unified and coordinated response by the United Nations development system to priority requests from programme countries. China hoped that the programmes and funds of the United Nations development system would continue their efforts to expand financing input, extend reform and reinforce the simplification and harmonization of rules and procedures.

51. **Mr. Løvald** (Norway) said that the paper on reform of United Nations operational activities presented to the Secretary-General by Norway and six other major donor countries last June was the basis for his address.

52. Clear guiding principles would be essential to improving the effectiveness of the United Nations operational system. Accordingly, the Secretary-General's report should have included more specific targets, benchmarks and time limits for the purpose of monitoring progress. While the United Nations had progressed in establishing a more effective and unified presence at the country level, the aim during the triennial comprehensive policy review was to agree on action to make the United Nations better coordinated and more effective. The 2005 Summit must put the United Nations in a better position to deliver results in line with the Millennium Development Goals. Norway welcomed the recent "Action Two" initiative by the United Nations to strengthen human rights action at the country level. Regarding the strengthening of country's institutional capacities, the triennial comprehensive policy review should produce specific recommendations for making capacity-building programmes more effective.

53. One of the prerequisites for an efficient and coordinated United Nations presence at the country level was a strong United Nations country team headed by a resident coordinator. The triennial comprehensive policy review should state how the system should be funded and indicate how the resources, authority and accountability of the resident coordinator should be strengthened. In some cases resident coordinators might be relieved of their role as head of a UNDP country office. Resident coordinators must ensure cohesion and assist all agencies including non-resident ones.

54. Under the Monterrey Consensus nations had committed themselves to increasing the volume of development aid assistance. Harmonization and reform of the aid system was needed in order to ensure that spending increases reached the neediest and to free resources for programme purposes. At the country level the United Nations should demonstrate flexibility in accordance with local needs and as agreed by the local authorities. A strong field presence should be maintained, but in an integrated structure, and should include experts in areas prioritized by the local government. Agencies with more limited operations could in many cases be represented by other agencies. In some countries administrative costs were higher than spending on poverty reductions. However, one positive step was the recent representation agreement between UNIDO and UNDP. The United Nations needed to see more examples along the lines of the progress registered in post-conflict situations, which included joint analytical frameworks, multi-donor trust funds, and the introduction of a lead agency role for delegated cooperation. UNDAF should serve both as a means for harmonizing programme cycles and ensuring alignment with national strategies, and also as a framework for creating joint programming and pooling of resources. UNDG could be the driving force in the efforts to achieve simplification and harmonization over the next three years. In addition to internal streamlining, the United Nations must become part of the new aid practices, which meant supporting and

adjusting to the changes occurring in the field under the leadership of partner countries.

55. In terms of governance, streamlining was also called for, and in that regard joint sessions of governing bodies should be given the authority to make formal decisions on the basis of their own deliberations and the reports they received.

56. Measures should be carried out to ensure full compliance with gender mainstreaming policy at all levels of the United Nations system.

57. Norway remained a staunch supporter of the United Nations, a fact underscored by its being the fifth largest donor to the United Nations development activities in absolute terms. It believed that the United Nations should play a key role in operational activities in the years to come, and it was therefore concerned by the trend towards marginalization of the organization. Visible reforms could remedy the situation, and he hoped that the triennial comprehensive policy review would increase awareness of the urgent need for action.

58. **Mr. Karanja** (Kenya) said that the values and characteristics of the United Nations development system — based on the principles of universality, multilateralism, neutrality and flexibility — had made the United Nations an impartial and reliable partner for developing countries, and United Nations development support in the form of grants had served to make developing countries view the United Nations positively. Those principles and values should be preserved by increasing the quality and quantity of core resources available to the system, and development cooperation should be aligned with the priorities of recipient countries.

59. Regrettably, the funding of United Nations development cooperation was still low and depended on a small donor base. Moreover, the report of the Secretary-General (A/59/85, para. 37) noted that the majority of specialized agencies depended on voluntary funds, most of which were earmarked and reflected donor preferences rather than national priorities. It was essential that the funding modalities for operational activities for development should be reviewed. The current annual voluntary funding had proved to be unstable and unpredictable, and it failed to include long-term development planning needs. Thus a multi-year funding mechanism for the system was needed, and the importance of core resources must be emphasized. The United Nations Pledging Conference had outlived its usefulness and should be replaced or substantially reformed. His delegation hoped that that issue would be addressed during the current session.

60. Kenya praised the efforts by the United Nations system to improve coherence and coordination. Positive initiatives in that respect were the programming tools adopted by the system, such as the CCA and UNDAF, as well as the coordination efforts of UNDG. To avoid duplication and wastage, better coordination and cooperation were needed at headquarters and in the field.

61. The United Nations system field structure should be reviewed to ensure that human resources had the most effective impact at the national level. It was regrettable that most United Nations agencies did not have country offices, which meant they could not participate effectively in national coordination mechanisms. Human resources within the system should be reassigned to ensure optimum use and reduce duplication and waste. The CCA/UNDAF process should be aligned to national and regional priorities and development frameworks and initiatives to ensure effective participation and leadership by recipient Governments. The involvement of all United Nations agencies, international and regional financial institutions and regional commissions should be strengthened and national capacity and expertise should also be enhanced to ensure the effectiveness of national Governments. Kenya welcomed recent reforms aimed at simplification and harmonization which, if pursued effectively, could bring about streamlining, and in turn would reduce costs. His delegation appreciated the selection of Kenya as one of the pilot countries for the simplification and harmonization process.

62. He thanked the United Nations system and bilateral donors for their prompt response during the current severe famine in Kenya. At the same time, he emphasized the important link between relief and development and suggested that assistance should have inbuilt long-term development support and strategies aimed at preventing such crises and promoting sustainable development.

63. **Mr. Ahmed Chowdhury** (Bangladesh) said that the current policy review provided an opportunity to assess the overall activities of the United Nations system at the country level. Unfortunately, while the role of the United Nations system was to strengthen

national capacity to help countries achieve sustainable development, current trends in funding threatened to undermine the United Nations role in development, making it difficult for developing countries to meet their commitments under the Millennium Declaration. Therefore, proposals for new and innovative financial mechanisms merited serious consideration.

64. Coordination and harmonization efforts should include mechanisms to channel resources for country development through a single agency, which would be cost-effective on the ground. Joint programming at the field level had great potential for delivering assistance and formulating a comprehensive development approach. Proper monitoring and evaluation of United Nations activities would enhance their effectiveness. The resident coordinator system should have a powerful country office and a single development strategy with shared objectives, attributes that were currently lacking. Undue competition for extrabudgetary resources thwarted inter-agency collaboration and cooperation. With regard to the Millennium Development Goals, clear linkages should be established between them and national priorities. Improved synergies at the national level could, for example, help meet the new and growing challenges of poverty and HIV/AIDS.

65. **Mr. Anwarul Chowdhury** (Under-Secretary-General and High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that the field presence of the United Nations and their respective mandates were the key to the implementation of the Brussels, Barbados and Almaty Programmes of Action.

66. The implementation of the recommendations of the triennial comprehensive policy review would go a long way in helping significantly to fulfil the mandates and responsibilities of his Office. In accordance with its mandate, his Office had already taken steps to work closely with United Nations agencies and other entities to mainstream the Brussels Programme of Action into the respective spheres of activities. To date, 19 United Nations system entities and other multilateral organizations had mainstreamed the Brussels Programme in their own work programmes. His Office was also undertaking close consultations with the World Bank, International Monetary Fund, civil society, intergovernmental organizations, the private sector and other relevant regional and multilateral bodies towards supporting implementation of the programme.

67. His Office collaborated closely with the delegations of least developed countries in New York in order to encourage the creation of national mechanisms and national focal points in these countries to enhance their ownership and capacity for country-level implementation of the Brussels Programme. Currently the number of focal points has increased from 9 to 45 and of national forums from 9 to 18 compared to 2003. While carrying out its tasks, his Office had found that a great need existed for improved cooperation and understanding at the national level. Among its other activities, his Office had organized a "Workshop of the National Focal Points on the Implementation of the Brussels Programme of Action for the Least Developed Countries" in May 2004 in New York.

68. Regarding the urgent need to make progress in fulfilling the Millennium Development Goals for the least developed countries, he said that success in that respect depended on the Brussels, Barbados and Almaty programmes because they dealt with the specific measures necessary to overcome the handicaps of those countries. His Office emphasized that it was essential for least developed country programmes to devise special measures in their national development plans for the fulfilment of the seven commitments of the Brussels Programme of Action. Each of those commitments had to be addressed in both the national development programme and the UNDAF, CCA and PRSP, as relevant. The United Nations resident coordinator system needed an inbuilt mechanism to monitor the progress or lack thereof on these commitments. That would provide headquarters offices with the requisite national-level perspective needed for its advocacy and coordination efforts to mobilize international support on behalf of least developed countries.

The meeting rose at 12.30 p.m.